

CDCI ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Northeast Community Federal Credit Union

Point of Contact:	Lily Lo	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	1441	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	350,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	23780
Date Funded (first funding):	September 24, 2010	City:	San Francisco
Date Repaid ¹ :	9/24/2023	State:	California

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).

☐ Increase lending or reduce lending less than otherwise would have occurred.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

Our clients continue to apply for all of our loans but the significant differences lie in our home mortgage loans including improvement loans, anti-predatory loans, small business loans and auto loans.

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☐ Reduce borrowings.

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☒ **Increase charge-offs.**

Charge-off loans has decreased from last year; \$6,470.16 to \$4,670.00. No charge-off mortgages reported this year.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

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What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

The CDCI funds help meet the high demand of our loans. Due to the 350,000 increase in reserves, the credit union was able to generate more loans. In 2009 the anti-predatory loans approved were as follows; 185 Emergency loans and 8 SF Payday loans. In 2010 however, the demand for loans significantly increased with 297 Emergency loans and 14 SF Payday loans. Total lending increased, in 2009 total lending amount was \$1,539,309.49 compared to \$3,780,506.13 in 2010. The significant difference was due more approved first home mortgage loans. In July 2010 we officially opened a new branch in South of Market Area located at 992 Howard Street. To advertise the new branch we hired an outreach coordinator who met with nearby community based organizations to introduce our credit union and explain our products and services. Our outreach coordinator conducted free financial literacy workshops with other non-profit community organizations to educate low-income, unbanked individuals on how to save money, budget and repair credit. The capital from CDCI helped fund the marketing strategies of our SOMA branch and the outreach endeavors. Flyers and poster were printed and distributed. Promotions for new accounts were offered. Our marketing strategies proven to be successful since 123 new accounts opened at our SOMA branch within a very short period. The CDCI funds were also used to generate new loans for our clients. During the holiday season, we marketed a new loan titled "Holiday Loan" giving our clients extra dollars to spend for the holiday season. Rather than repaying the loan in one period, the holiday loan payments were divided up into three months. Within the first month we had 50 plus members applied and approved for this loan. Due to the popularity of the holiday loan, we marketed another loan calling it the Special Occasion Loan. To promote the Special Occasion Loan, new flyers and poster were created and displayed at our branches.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.